

Sensex reclaims 60,000 with FPIs back to buying

As inflation expectation eases, Nifty nears 18,000; rupee closes up at 79.44 per dollar

OUR BUREAU

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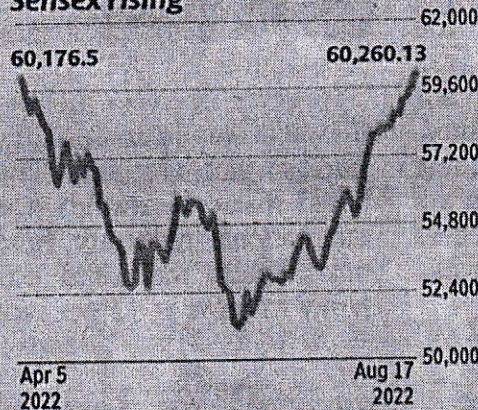
Purchases made by foreign portfolio investors (FPIs) in India's equity markets, worth nearly \$3.5 billion in July and August, have led to a near 18 per cent jump in the Sensex and Nifty from the low levels the indices hit earlier this year. On Wednesday, the Sensex climbed above the 60,000-mark. It ended the day's session up 0.7 per cent (417 points) at 60,260. The Nifty, too, rose 0.67 per cent (119 points) to close at 17,944.

The cooling down of inflation globally has led to speculation that the interest rate hikes by central banks across the world may not be as aggressive as envisaged, analysts said. Such a perception has fuelled the market rally.

Technical analysts though still bullish, are cautious on the equity markets in the wake of the recent rally. "Nifty has moved above the significant trend line resistance at 17,900 levels on Wednesday (multi-month downtrend line connected from important lower tops), which is signalling an upside breakout of the hurdle. But the formation of a reasonable-size bull candle during breakout signals the absence of strong upside momentum at

Bulls are back

Sensex rising



Source: NSDL

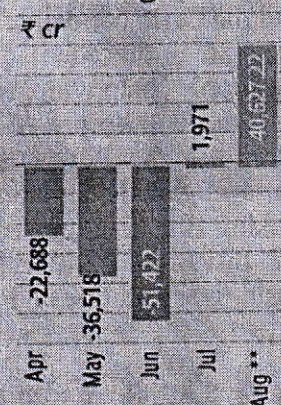
the highs. Technically, formation of long bull candles that break above such resistances are considered as a decisive upside breakout of the hurdles," said Nagaraj Shetti, Technical Research Analyst, HDFC Securities.

Rupee jumps 22 paise

In the money market, the Indian rupee (INR) appreciated 22 paise against the US dollar on Wednesday to close at 79.44 against the previous close of 79.66. Risk sentiment improved for the currency in the backdrop of global crude oil price easing to \$92 a barrel and incoming FPI money. Bunched up dollar inflows over the two-day trading holiday were all absorbed by OMCs.

Moreover, the dollar index also strengthened, said a chief dealer with a public sector bank. He observed that importers could step up greenback purchases if the rupee touches 79.20 per dollar while exporters may step up dol-

FPIs change tack



** including Wednesday's provisional data

lar sales when the rupee hits 79.80 to the dollar.

FPI flows

FPIs have made net purchases of ₹18,565 crore in the cash segment, so far in August, according to exchange data. "India has been an outperformer over the last 45 days relative to emerging and developed market peers, gaining from the cooling inflation expectations as a commodity importer, as well as a growth market. FPI flows over the last 45 days are more than double the inflows from domestic institutions.

Domestic retail investors have not participated in the recent rally as evidenced in their single stock futures net long position having contracted to \$8.5 billion. For a perspective, when Nifty was at 18,000 in early April, retail net long in stock futures stood at \$12 billion," said S Hariharan, Head-Sales Trading, Emkay Global Financial Services.